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Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Four)

Docket No. RM2021-7

COMMENTS OF THE PUBLIC REPRESENTATIVE

(August 23, 2021)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Commission Order No. 5945.[1] In that Order, the Commission established the above-referenced docket to receive comments from interested persons addressing the Postal Service's proposal to make certain methodological changes to distribution factors for Special Purpose Route (SPR) city carrier cost pools.[2]

II. SUMMARY OF PROPOSAL FOUR

The Postal Service describes Proposal Four as "relating to improvements in the development of distribution factors for Special Purpose Route (SPR) city carrier cost pools that can be achieved using Product Tracking and Reporting (PTR) data to initiate a new Special Purpose Carrier Cost System (SPCCS)." Petition, Proposal Four.

Background. The Postal Service currently uses data from the CCCS-SPR to distribute volume variable costs across classes, products, including extra services and

[1] Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Four), July 27, 2021 (Order No. 5945).

[2] *See* Petition of the United States Postal Service for the Initiation of a Proceeding to Consider a Proposed Change in Analytical Principles (Proposal Four), July 22, 2021 (Petition). A discussion of the proposal is included with the Petition as an attachment (Petition, Proposal Four). The Petition is also accompanied by an Attachment containing the Special Purpose Carrier Cost System (SPCCS) System Documentation, workbooks, data and SAS programs (Attachment) and by a non-public library reference. *See* Notice of Filing of USPS-RM2021-7-NP1 and Application for Nonpublic Treatment.

price categories.[3] CCCS-SPR delivered volume estimates are used to develop the SPR distribution factors that distribute SPR city carrier costs to mail products and services.[4] Those distribution factors are based on manual data collection through the City Carrier Costing System SPR subsystem (CCCS-SPR).[5]

During Q3 of FY 2020, a disruption of data collection by the COVID-19 pandemic led the Postal Service to use scan data from the PTR system to replace sample data for 39 CCCS-SPR tests.[6] In the course of a subsequent audit by the Postal Service's Office of Inspector General, the Postal Service stated that it planned "to consider proposing a methodology change…[that would]…leverage scan data in place of manual CCCS-Special Purpose Route sampling."[7] Proposal Four is that methodological change.

Proposal. If approved, Proposal Four would replace the CCCS-SPR subsystem with a new system called the Special Purpose Carrier Cost System (SPCCS). The Postal Service describes two objectives of the SPCCS: "replace manual sampling with scan data from Product Tracking and Reporting (PTR) combined with the clock rings from the Time and Attendance Collection System (TACS)" and to "separate the weekday [Monday through Saturday] SPR cost pool into peak and non-peak pools and provide separate distribution factors for each cost pool." Petition, Proposal Four at 2.

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[3] Docket No. RM2009-10, Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposals Three-Nineteen), July 28, 2009, PDF file "Prop.8.Appendix.CCCS_SPR_Documntatn.pdf" at 1 (Docket No. RM2009-10, CCCS-SPR Documentation).

[4] *See* Docket No. ACR2020, Library Reference USPS-FY20-32, December 29, 2020, folder "B Workpapers," Excel file "CS06&7-Public-FY20.xlsx," tab "Input DK," column M ("SPR LOAD NON-ACCT DELIVERY"), column N ("SPR LOAD ACCT DELIVERY") and column O ("SPR DELIVERIES ACCESS"); tab "7.0.9," column G (only uses data from column M -"SPR LOAD NON-ACCT DELIVERY" and column N -"SPR LOAD ACCT DELIVERY" from tab "Input DK" of this same workbook).

[5] *See* Docket No. ACR2020, Library Reference USPS-FY20-34, December 29, 2020, file "USPS-FY20-34_CCCS_Preface.pdf" at 2.

[6] *Id.* at 26.

[7] Office of Inspector General United States Postal Service, *City Carrier Cost System,* Audit Report Number 21-036-R21, July 14, 2021, at 10 (2021 IG Audit).

Regarding the first objective, the Postal Service intends to use "PTR delivery scans that occur during the time block when a city carrier is clocked to selected [Management Operating Data System (MODS)] MODS Operation Codes specific to Special Purpose Routes." *Id*. The Postal Service plans to use "a sample of time blocks" because of "the disproportionate resources required to obtain a complete nationwide census." *Id.*

Regarding its second objective, the Postal Service states that the new SPR cost pools proposed for peak and non-peak period Monday through Saturday costs, requires the disaggregation of the current volume variabilities used for the SPR Monday through Saturday cost pool. *Id.* at 3. The Postal Service also proposes annual updates to the hours used to weight the new weekday non-peak SPR cost pool variabilities. *Id.*

III. COMMENTS

The Public Representative agrees with the Postal Service that overall, the SPCCS would be an improvement because the current CCCS-SPR only "samples route-days that are selected based on the previous quarter" and as a result, for the CCCS-SPR sample, "routes that are utilized only during peak season are often not included in the samples generated for Q1." Petition, Proposal Four at 5. The Public Representative agrees with the Postal Service's stated advantage of the proposed SPCCS over the current CCCS-SPR, i.e., the SPCCS would better capture "ad-hoc low-workhour Special Purpose Routes that are generated to support letter routes that are temporarily overburdened. Such routes are difficult to sample in the current SPR-CCCS because of the necessity of scheduling a data collection in advance, combined with the difficulty in predicting the days when such routes will be operating."[8] However, to be approved, certain aspects of Proposal Four require clarification and further support.

[8] Responses of the United States Postal Service to Questions 1-9 of Chairman's Information Request, August 12, 2021, question 1.b (Response to CHIR No. 1). In the CCCS-SPR, LDC 24 was not a part of the CCCS-SPR sampling. *See* Response to CHIR No. 1, question 6.

The SPCCS System Documentation states that "[t]he SPCCS produces two types of estimates—volumes and distribution keys (ratios)."[9] The SAS dataset accompanying the Petition raises questions regarding the completeness of the SPCCS-derived volume estimates. For example, 358, or 17.9 percent, of the 2,002 carrier-days selected for sampling in October, 2019, appear to be missing the PTR event time, product identifier codes, and special services codes. As a result, no mail product samples are linked to the associated SPCCS SPR carrier-day TACS workhours in the SAS dataset included with the Petition. Table 1 below shows the distribution of selected for sampling carrier-days where the PTR linking appears to have not been made accurately or completely as the PTR mailpiece identification number is missing (SAS data variable "MailpieceID"), the PTR time of the scan is missing (SAS data variable "PTSEventTime") and it appears as a result of the missing PTR data, the CCCS product code (SAS variable "Bucket") is blank/missing.[10] The problematic/missing or incomplete PTR data linkage to the associated TestIDs (carrier-route days) shown in Table 1 below are more concentrated in the low work hours strata. Due to the magnitude of the proportions where the PTR linkage appears to be problematic/missing, the pattern does not appear to be missing at random for the low workhours strata.

[9] SPCCS System Documentation at 5.

[10] Public Representative analysis of the SAS dataset of the Attachment, folder "Data," SAS dataset "spccs_z_public_fy20q1oct.sas7bdat." A description of the SPCCS variables is included in the Attachment, SPCCS System Documentation at 8; the "CCCS Product Bucket Number Code" list is shown in Docket No. ACR2020, Library Reference USPS-FY20-34, PDF file "USPS-FY20-34_CCCS_Preface.pdf," at 37-38.

Table 1: October 2019 SPCCS Sample, Carrier-Days Linkage with PTR

Strata by carrier-day[a] _ _ **L** (less than 4 hours) _ _ **H** (4 or more hours)	Total Number of Carrier-Days Selected for Sampling [b] (a)	Incomplete PTR[c] Number of Carrier-Days (b)	Incomplete PTR[c] Carrier-Days Percent (b)/(a)	Complete PTR Number of Carrier-Days
CF**L**	135	74	54.8%	61
O_**L**	54	27	50.0%	27
CP**L**	87	43	49.4%	44
O_**H**	41	15	36.6%	26
PF**L**	154	52	33.8%	102
X4**L**	3	1	33.3%	2
X4**H**	6	2	33.3%	4
PP**L**	134	40	29.9%	94
CP**H**	153	15	9.8%	138
PP**H**	255	21	8.2%	234
CF**H**	535	39	7.3%	496
PF**H**	445	29	6.5%	416
Total	2,002	358	17.9%	1,644

[a] Strata Acronym Key:
"high work hours"= 4 or more carrier work hours for carrier-day
"low work hours"= less than 4 carrier work hours for the carrier-day
CFH Combination, Full-time carrier with high work hours carrier-day
CFL Combination, Full-time carrier with low work hours carrier day
CPH Combination, Part-time carrier with high work hours carrier-day
CPL Combination, Part-time carrier with low work hours carrier-day
PFH Parcel, Full-time carriers with high work hours carrier-day
PFL Parcel, Full-time carriers with low work hours carrier-day
PPH Parcel, Part-time carriers with high work hours carrier-day
PPL Parcel, Part-time routes with low work hours carrier-day
O_H Other routes with high work hours carrier-day
O_L Other routes with low work hours carrier-day
X4H LDC 24 routes with high work hours carrier-day
X4L LDC 24 routes with low work hours carrier-day
See SPCCS System Documentation at 3.

[b] The total number of carrier-days selected for sampling is based on the number of Test IDs in the SAS dataset, "spccs_z_public_fy20q1oct.sas7bdat" (in the Attachment, folder "Data"). SAS program "…DataProcess….sas," (in the Attachment, folder "Programs,") assigns the linked PTR mailpieces to products (CCCS Bucket Number) and uses as inputs the PTR data, sample file for strata and the frame hours file for total hours by strata and outputs the SAS dataset "…spccs_z_.sas7bdat". *See* SPCCS System Documentation at 5.

[c] "PTSEventTime," (PTR time scan), "MailpieceID" (PTR Mailpiece Identification Number), "STC3," (Product Identifier Codes from the IMpb, customs and Extra service barcodes/scans) and "Bucket"(CCCS Product Bucket Number) variables are missing data in the SAS dataset, "spccs_z_public_fy20q1oct.sas7bdat" (in the Attachment, folder "Data"). Public Representative analysis; SPCCS System Documentation at 8.

Source: Public Representative analysis of Attachment, folder "Data," SAS dataset "spccs_z_public_fy20q1oct.sas7bdat," SPCCS System Documentation.

The SPCCS System Documentation states that "a query is submitted that will merge in PTR scan data from several tables that represent ***all mailpieces*** that had delivery or attempted delivery scans during the time segments that selected employees were clocked to LDC 23/24 operations." SPCCS System Documentation at 4 (emphasis added). However, there are select sampled SPCCS carrier-days in the Proposal Four October 2019 SAS dataset that link to a seemingly low number of PTR scans given the amount of TACS workhours for the carrier-day sampled.[11]

Under the proposed SPCCS, the associated amount of TACS workhours (in the "op_hrs" SAS variable) align generally with the PTR scan time frame (in the "PTSeventTime" SAS variable) shown across the linked mail piece PTR records in the SAS dataset.[12] However, for other SPCCS sampled carrier-days, the PTR event times period range does not appear to align with the total TACS hours shown for the sampled carrier-day.[13] In these instances, the SPCCS data suggest that not all mail pieces

[11] For example, TestID 1115050 lists the SPR TACS workhours for the sampled carrier-day (in the "op_hrs" SAS variable) as 4.08 and the number of associated PTR mailpieces is six (where a CCCS bucket/product code is identified in the SAS data); TestID 1113532 lists the SPR TACS workhours (in the "op_hrs" SAS variable) for the sampled carrier-day as 8 and the number of associated PTR mailpieces is 10 (where a CCCS bucket/product code is identified in the SAS data); TestID 1119242 lists the SPR TACS workhours for the sampled carrier-day (in the "op_hrs SAS variable) as 10 and the number of associated PTR mailpieces is two (where a CCCS bucket/product code is identified in the SAS data); TestID 1126557 lists the SPR TACS workhours for the sampled carrier-day (in the "op_hrs SAS variable) as 9 and the number of associated PTR mailpieces is one (where a CCCS bucket/product code is identified in the SAS data) Public Representative analysis of the SAS dataset in Attachment, folder "Data," SAS dataset "spccs_z_public_fy20q1oct.sas7bdat."

[12] *See* for example TestID 1110211, "PTSEventTime" scans range from 8:51 to 19:30 (military time), "op_hrs" are 12.73, over 234 PTR scans;; TestID 1110045, "op_hrs" are 5.59 and the "PTSEventTime" scans range from 11:19 to 14:23 (military time) over 48 scans; TestID 1110103 "op_hrs" are 6.1 and the "PTSEventTime" scans range from 12:05 to 17:31 (military time) over 325 scans; and TestID 1130021 "op_hrs" are 3.18 and the "PTSEventTime" scans range from 14:09 to 16.47 (military time) over 48 scans. Public Representative analysis of the SAS dataset in Attachment, folder "Data," SAS dataset "spccs_z_public_fy20q1oct.sas7bdat."

[13] For example, TestID 1110015 shows "op_hrs" as 5.39 and it is associated with 4 "PTSEventTime" scans, all with the same time of 13:06 (military time); TestID 1111700 shows "op_hrs" as 8.9 and it is associated with 2 "PTSEventTime" scans, both with the same time of 13:03 (military time); TestID 1124343 shows "op_hrs" as 6.45 with 9 "PTSEventTime" scans ranging from 10:42-12:34; TestID

associated with the carrier-day SPR TACS workhours may have been captured, linked or recorded in the PTR dataset. If not, this would undercount the total SPR volume for the sampled carrier-day without some type of adjustment or weighting to account for partial volume sampled/obtained from the PTR scans. Even if the SPCCS sample data are valid and the number and type of errors do not have a material impact, the Public Representative believes some further discussion and information regarding the Postal Service's SPCCS validation processes is needed to assess current and future potential quality and accuracy concerns.

Under the current methodology, having a data collector on-site does provide more assurance that "all mail" is being captured as the CCCS-SPR estimates are intended to represent all mail being delivered on city carrier special purpose routes.[14] Under the existing CCCS-SPR methodology, sampled mail pieces/volume data are weighted to represent the total mail pieces/volume for the sampled SPR route-day. *Id.*

In his 2021 Audit Report, the USPS Inspector General found that "[t]here are…opportunities for the Postal Service to enhance CCCS sampling efficiencies by leveraging real-time census data." 2021 Audit Report at 1. In addition, he found that "expanding the use of scan data in CCCS-Special Purpose Route sampling would cut costs associated with manual sampling and improve sampling capabilities." *Id.* at 10.

While the Postal Service agreed with the Inspector General that there was an opportunity to use scan data more widely in CCCS-Special Purpose Route sampling beyond what was used in FY 2020, it stated that certain operational matters would have

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1119468 shows "op_hrs" as 8 with 12 "PTSEventTime" scans ranging from 10:07 to 12:29. . Public Representative analysis of the SAS dataset in Attachment, folder "Data," SAS dataset "spccs_z_public_fy20q1oct.sas7bdat." The Public Representative acknowledges that the "op_hrs" ("TACS operational hours for the sampled unit"-the sample unit being a carrier EIN-employee identification number associated with the finance number for the sampled day) would not equal to the hours based on the PTR time scans as the "op_hrs" include office time hours (which would not have a delivery scan time).

[14] "The universe under study in CCCS-SPR is all mail being delivered on city special purpose routes." Docket No. RM2009-10, CCCS-SPR Documentation at 2

to be assessed before it could submit a proposed methodology change to the Commission. *See id.* at 10. Among the operational matters were:

> ■ Whether city carriers were properly logged into their scanning devices;
>
> ■ Whether city carriers were clocked into the correct labor distribution code; and
>
> ■ Whether there is an ability to collect data on mailpieces without a barcode, among other things."

Id. at 10. The USPS Inspector General commented on the importance of these considerations by noting that "[i]f these operational matters have a material impact on the reliability of the scan data, expanded use of that data for CCCS-Special Purpose Route sampling may not improve the precision of cost estimates." *Id.* The Public Representative agrees.

In its Petition, the Postal Service asserts that "[a]ll parcel products now have barcodes, either domestic Intelligent Mail package barcode (IMpb) or international customs barcodes, that provide sufficient information such that the specific product can be identified. Moreover, carriers reliably scan parcels upon delivery." Petition, Proposal Four at 1. It would improve transparency if the Postal Service provided more specific information regarding "its ability to collect data on mailpieces without a barcode" and if it explained what, "among other things", it has investigated regarding the SPCCS. The Public Representative suggests that the Commission consider obtaining more detailed information related to the Postal Service's assessments of the identified operational matters.

An increase in the SPR sample as planned under Proposal Four would generally be considered an improvement in the data used in the Postal Service's reports to the Commission. However, the Public Representative questions how complete those estimates will be given the percentage of carrier days with missing and/or incomplete PTR data (such that no mail products are coded for the sampled carrier-day) in the simulated SPCCS SAS sample data included in the Attachment to the Petition and

shown in Table 1. If the Postal Service has a valid method for adjusting the SPCCS SPR volumes to account for when sampled carrier-days do not link with any or incomplete entries in the PTR scan data, it should provide this information to the Commission.

The Postal Service's plan to create two separate cost pools (one for peak and non-peak time periods), two separate distribution keys for these two cost pools and disaggregating the variabilities developed in Docket No. RM2019-6 appear reasonable.[15] The Postal Service contends that "[t]he annual updating of the variability weights will ensure proper accounting for any potential year-to-year seasonality shifts."[16] *Id.* at 4. However, the Public Representative suggests that the Postal Service reevaluate annually the data periods and/ or expand the data periods used in the Docket No. RM2019-6 variability analysis, rather than depend on an annual workhours weighting methodology "to ensure proper accounting for any potential year-to-year seasonality shifts" as the December variability is no longer weighted by hours under the Proposal Four methodology, and the December variability value developed in RM2019-6 is based on one week of data.[17]

[15] The Postal Service states that "all equations and variabilities will remain the same. However, instead of combining the four time periods together to obtain one Monday through Saturday variability, the volume variability estimated using the December data would stand alone for the Monday through Saturday peak SPR cost pool. Correspondingly, the variabilities estimated using the March, June, and September data would be combined to obtain a single volume variability for the Monday through Saturday non-peak SPR cost pool." Petition, Proposal Four at 3.

[16] "[t]he Postal Services believes an annual update of the hours that are used to weight the combination of the new Monday through Saturday non-peak SPR cost pool variability to be prudent. The time segment combinations would remain the same, and the variabilities used would be those for the restricted quadratic model that the Commission ultimately approved." *Id.* at 4 TACS hours for different time segments of the year are used to weight the time segment variabilities to form one overall SPR Monday through Saturday SPR variability [for the non." *Id.* at 3. The Postal Service explained in its Response to CHIR No. 1, question 3 that "i]n separating peak and non-peak SPR variabilities, peak is isolated and would then be comprised of only one grouping; therefore, there is no weighting needed (or possible) for the peak SPR variability. In contrast, the non-peak variability reflects the combination of three separate estimates, and such a combination procedure necessarily involves either implicit or explicit weighting." Response to CHIR No. 1, question 3.

[17] The current SPR Monday-Saturday variabilities were based on data that "were obtained and processed for the third week (for which there were no holidays in any of the months) of June, September, and December 2017 and March 2018." *See* Docket No. RM2019-6, Petition of the United States Postal

Particularly since, if approved, under Proposal Four, the "SPCCS will be an ongoing system that will sample PTR data from all SPR deliveries on weekdays." Petition, Proposal Four at 4.

If Proposal Four is approved, the Public Representative suggests that the Postal Service be directed to include the actual accrued hours used to weight the disaggregated variabilities in its Annual Compliance Report (ACR) filing.[18]

The Public Representative also suggests that the Postal Service be required to provide more complete documentation[19] and resolve another possible documentation error or omission as it relates to this Proposal. In the SAS programs included with the Petition, variable definitions are needed to understand the SAS code used (e.g., "ServiceTypeCode," "STC3", "ES1", "ratecode" in the "…DataProcess…sas" program).[20] In the SAS program that creates the TACS sampling frame ("…TACS_Frame_Create….sas"), it is not clear if MODS operation code 746 (LDC 23 - "Same Day Delivery") should have been included in the section of code identified as non-relay hours and where the route type (strata) is coded and was inadvertently omitted, or there is a mistake in the Docket No. ACR2020, MODS operation codes/operational definition for operation code 746.[21]

Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), June 21, 2019, Special Purpose Route Study Report, PDF file "SPR.Public.Study.Report.pdf" at 24.

[18] *See* Docket No. RM2019-6, Library Reference PRC-LR-RM2019-6/1, January 14, 2020, folder "Tables and Impact," Excel file "Tables.xlsx," tab "Table 5."

[19] 39 C.F.R. § 3050.11(b)(1).

[20] *See* Attachment to Petition, folder "Programs," SAS programs."

[21] MODS operation code 746 –Same Day Delivery, LDC 23 is described as "Workhours of carriers used for same day delivery of parcels." *See* Docket No. ACR2020, Library Reference USPS-FY20-7, December 29, 2020, word file "Appendix_A_OperDefin_AUG_2020.doc" at 81; Library Reference USPS-FY20-7, folder "USPS-FY20-7 Excel Workbooks," Excel file "USPS-FY20-7 part2.xlsx," tab "Active Operations FY20," tab "Appendix A," line 503 "Act Date," cell H503, shows "Act Date" as "8/18/2018." In the Attachment, folder "Programs" the operation numbers "op_id" have a trailing zero. *See* TACS Supervisor Training, April 2012 at 45, available at: http://inapwu.org/LeadClerkInfo/PDF-TACS%20Supervisor%20Training%20Guide%20-%202012-04-26.pdf.

In future rulemaking dockets, the Postal Service should be expected to provide the data used to create its key inputs and explain in detail how its estimates were derived particularly if the data provided, [22] do not allow the Commission or others to recreate the Postal Service's key inputs to its workbooks.[23] If the Postal Service believes "it is not feasible" to provide the data used to create the Proposal Four relevant inputs to the "I-FORMS" workbook, it should explain why.

CONCLUSION

The Public Representative believes that the additional information requested and suggestions described in the Comments section will better position the Commission to assess Proposal Four as well as respond to concerns and advise if need be.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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[22] The workbook does not show how the Proposal Four non-peak cost pool variability was derived and the SAS data for October 2019 only, do not allow for FY 2020 year-to-date inputs/distribution keys to be recreated in the "I_FORMS" workbook. Using the data from Docket No. RM2019-6, Library Reference PRC-LR-RM2019-6/1, January 14, 2020, folder "Tables and Impact," Excel file "Tables.xlsx," tab "Table 5," the Public Representative calculated a slightly different result for the non-peak variability under the SPCCS methodology. *See* Attachment, folder "Workbooks," Excel file "I_FORMS-Public-FY20_SPCCS.xlsm," tab "I-SPR," cell C8 and tab "I-CS07 CCS" (same Excel file) cells link to another workbook not included with the Petition. The SAS data for October 2019 included with the Petition (Attachment, folder "Data") appear to be a simulation sample data set (rather than used to develop the SPCCS "I_FORMS" workbook affected Proposal Four tab inputs, "I-SPR" and "I-CS07 CCS"). *See* Attachment, folder "Programs," SAS program "….SampSelect.sas," code "libname spr '….\Simulations…' and SAS program "…..Output…..sas," code "libname data '…..\Simulations…'.

[23] In the Attachment, folder "Workbooks," Excel file "I_FORMS-Public-FY20_SPCCS.xlsm," tabs "I-SPR" and "I-CS07 CCS."